
Introduced by Senator Alarcon

February 11, 2003

An act to amend Sections 8869.80 and 8869.84 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 162, as introduced, Alarcon. Federal tax credits: housing: teachers.

Existing law declares that a substantial public benefit is served by providing federal tax credits or reduced interest rate mortgages to assist teachers, principals, vice principals, and assistant principals who are willing to serve in low performing schools to purchase a home. Existing law authorizes the California Debt Limit Allocation Committee to establish the Extra Credit Teacher Home Purchase Program to provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to eligible teachers, principals, vice principals, and assistant principals who agree to teach or provide administration in a low performing school.

This bill would authorize the Extra Credit Teacher Home Purchase Program to additionally provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to eligible classified school employees.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8869.80 of the Government Code is
2 amended to read:

1 8869.80. The Legislature hereby finds and declares all of the
2 following:

3 (a) The Tax Reform Act of 1986 (Public Law 99-514)
4 establishes a unified volume ceiling on the aggregate amount of
5 private activity bonds that can be issued in each state. The unified
6 volume ceiling is the product of seventy-five dollars (\$75)
7 multiplied by the state population in 1987 and fifty dollars (\$50)
8 multiplied by the state population in each succeeding calendar
9 year.

10 (b) The federal act requires each state to allocate its volume
11 ceiling according to a specified formula unless a different
12 procedure is established by Governor's proclamation or state
13 legislation.

14 (c) Therefore, it is necessary to designate a state agency and
15 create an allocation system to administer the state unified volume
16 ceiling.

17 (d) A substantial public benefit is served by promoting housing
18 for lower income families and individuals.

19 (e) A substantial public benefit is served by preserving and
20 rehabilitating existing governmental assisted housing for lower
21 income families and individuals.

22 (f) A substantial public benefit is served by providing federal
23 tax credits or reduced interest rate mortgages to assist teachers,
24 principals, vice principals, ~~and~~ assistant principals, *and classified*
25 *school employees* who are willing to serve in low performing
26 schools to purchase a home.

27 SEC. 2. Section 8869.84 of the Government Code is amended
28 to read:

29 8869.84. (a) The committee shall, as soon as is practicable
30 after the start of each calendar year, determine and announce the
31 state ceiling for the calendar year.

32 (b) The entire state ceiling for each calendar year is hereby
33 allocated to the committee to further allocate to state and local
34 agencies as provided in this chapter.

35 (c) The committee shall prepare application forms and
36 announce procedures for receipt and review of applications from
37 state and local agencies desiring to issue private activity bonds.

38 (d) The committee may at any time, before or after granting any
39 allocations in any calendar year to any state agencies or local
40 agencies, announce priorities or reservations of any part of the



state ceiling not theretofore allocated either for certain categories of bonds or categories of issuers.

(e) The committee may require any issuer making an application to the committee or MBTCAC for allocation of a portion of the state ceiling to make a deposit, as determined by the committee, of up to 1 percent of the portion requested. If an allocation is not given, the deposit shall be returned. If an allocation is given, the deposit shall be kept (in proportion to the amount of allocation given) until bonds are issued. Upon that issuance, the deposit shall be returned to the issuer in an amount equal to the product of (1) the amount of the deposit retained times (2) the ratio between the amount of bonds issued divided by the amount of allocation granted. If no bonds are issued prior to the expiration of the allocation, the deposit shall be kept, unless the committee determines there is good cause to return all or part of the deposit. Any portion of a deposit kept shall be deposited in the fund.

(f) The committee may transfer part of the state ceiling to the MBTCAC, to be used for qualified mortgage bonds and exempt facility bonds, as those terms are used in the Internal Revenue Code, for qualified residential rental projects, as those terms are used in the Internal Revenue Code, (together referred to as “housing bonds”), with directions and conditions pursuant to which MBTCAC may allocate those amounts to issuers of housing bonds at both the state and local level. In carrying out these functions, MBTCAC shall act solely as directed or authorized by the committee. If the committee makes the transfer to MBTCAC authorized by this subdivision, the references in Sections 8869.85, 8869.86, 8869.87, and 8869.88 to the “committee” shall, for purposes of any housing bonds, be deemed to mean MBTCAC.

(g) (1) The committee may establish the Extra Credit Teacher Home Purchase Program to provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to eligible teachers, principals, vice principals, ~~and~~ assistant principals, *and classified school employees* who agree to teach or provide administration *or service* in a low performing school. For purposes of this program, a low performing school is a state K–12 public school that is ranked in the bottom half of the Academic Performance Index developed pursuant to subdivision (a) of Section 52052. However, priority shall be given to schools

1 that are ranked in the bottom three deciles. The committee may
2 make reservations of a portion of future calendar year state ceiling
3 limits for up to five future calendar years for that program. The
4 committee may also make future allocations of the state ceiling for
5 up to five years for any issuer under that program. Any future
6 allocation made by the committee shall constitute an allocation of
7 the state ceiling for a future year specified by the committee and
8 shall be deemed to have been made on the first day of the future
9 year so specified.

10 (2) The committee may condition allocations under the Extra
11 Credit Teacher Home Purchase Program on any terms and
12 conditions that the committee deems necessary or appropriate,
13 including, but not limited to, the execution of a contract between
14 the teacher, principal, vice principal, ~~or~~ assistant principal, *or*
15 *classified school employee* and the issuer whereby the teacher,
16 principal, vice principal, ~~or~~ assistant principal, *or classified school*
17 *employee* agrees to comply with the terms and conditions of the
18 program. The contract may include, among other things, an
19 agreement by the teacher, principal, vice principal, ~~or~~ assistant
20 principal, *or classified school employee* to teach or provide
21 administration *or service* in a low performing school for a
22 minimum number of years, and provisions for enforcing the
23 contract that the committee deems necessary or appropriate.

24 (3) If a teacher, principal, vice principal, ~~or~~ assistant principal,
25 *or classified school employee* does not fulfill the requirements of
26 a contract entered into pursuant to paragraph (2), the issuer of the
27 mortgage credit certificate or mortgage revenue bond may recover
28 as an assessment from the teacher, principal, ~~or~~ assistant principal,
29 *or classified school employee* a monetary amount equal to the
30 lesser of (A) one-half of the teacher's, principal's, vice principal's,
31 ~~or~~ assistant principal's, *or classified school employee's* net
32 proceeds from the sale of the related residence or (B) the amount
33 of monetary benefit conferred on the teacher, principal, vice
34 principal, ~~or~~ assistant principal, *or classified school employee* as
35 a result of the federal mortgage credit certificate or reduced
36 interest rate loan funded by a mortgage revenue bond, offset by the
37 amount of any federal recapture, as defined by Section 143(m) of
38 the Internal Revenue Code. The assessment may be secured by a
39 lien against the residence, which shall decline in amount over the
40 term of the contract as the teacher, principal, vice principal, ~~or~~



1 assistant principal, *or classified school employee*, fulfills the term
2 of the contract, and which shall be collected at the time of sale of
3 the residence. Any assessment collected pursuant to this paragraph
4 shall be used for the issuer's costs in administering the Extra Credit
5 Teacher Home Purchase Program. The issuers shall report
6 annually to the committee the total amount of any assessments
7 collected pursuant to this paragraph and how those assessments
8 were used by the issuer.

9 (4) If the committee establishes the Extra Credit Teacher Home
10 Purchase Program pursuant to this subdivision, the committee
11 shall report annually to the Legislature the results of the program,
12 including all of the following:

13 (A) The amount of state ceiling limits allocated to or reserved
14 for the program.

15 (B) The agencies to which state ceiling limits were issued.

16 (C) The number of loans or mortgage credit certificates issued
17 to teachers, principals, vice principals, ~~and~~ assistant principals,
18 *classified school employees*.

19 (D) The schools at which recipients of assistance are employed,
20 aggregated by decile in which the schools rank on the Academic
21 Performance Index and by the percentage of uncredentialed
22 teachers employed at the schools.

23 (5) The committee shall not make any reservations of future
24 calendar year state ceiling limits or future allocations of the state
25 ceiling pursuant to this subdivision on or after January 1, 2004,
26 unless a later enacted statute, that is enacted before January 1,
27 2004, deletes or extends that date. However, reservations and
28 allocations made prior to that date shall remain valid.